



# US ARMY NAF EMPLOYEE BENEFITS PROGRAM

## OPEN SEASON 2003

Sep 2003

October 20<sup>th</sup> thru November 14<sup>th</sup>, 2003

## INFORMATION BULLETIN FOR HRO PERSONNEL

We will conduct a Full Open Season this year from October 20<sup>th</sup> thru November 14<sup>th</sup>, 2003. The purpose of this bulletin is to provide information, which will assist you in processing Open Season transactions.

### OPEN SEASON PUBLICITY

The Open Season brochure will be mailed on or about October 10<sup>th</sup> by First Class mail to the home addresses of each of the nearly 17,000 NAF employees eligible for our benefit programs. We have also posted the Open Season brochure on the NAF Benefits web site, should you need to download it to make copies. We are also forwarding the employee brochure as an attachment to the email transmitting this HRO Bulletin. Employee Leave and Earning Statements will include Open Season notices in the remarks section, and more information will be on the web site.

### PROCESSING OPEN SEASON TRANSACTIONS ON-LINE

The Open Season Event will be activated on NAF BENEFITS ON-LINE on October 19<sup>th</sup>, so that the system will be available for the start of your business week on October 20<sup>th</sup>. All Open Season transactions should be processed on the on-line system. The Open Season Event makes it possible for you to process all Open Season transactions, as well as benefit plan transactions not restricted to Open Season and demographic change transactions. The Open Season Event includes edits that will allow for only authorized Open Season transactions. After selecting the Open Season Event and entering the employee's social security number, their record will be displayed on-screen, beginning with their health insurance election. The screen will show their current election, which you can change within the built-in restrictions. The next screens will display life insurance elections, Retirement Plan participation, and 401(k) deferral information; all of which you can change, subject to open season or plan restrictions, if any. You will also be able to change demographic information and other basic record data. After each screen, you will be provided a summary screen of the new data in the system and the opportunity to make final corrections prior to proceeding. When you have completed the event, the necessary forms will be available for printing. Please have the employee sign, file a copy in the OPF and forward the necessary forms to NAF Payroll to establish the correct payroll deductions and contributions. You should not send a copy to the Benefits Office unless you cannot do the transaction on line. The Open Season Event will be deactivated on the on-line system on November 15<sup>th</sup>, after all transactions have been processed. Should you experience any difficulty using the on-line system, please contact one of our systems administrators, per the on-line instructions distributed in September 2002.

### OPEN SEASON ELECTIONS

During our Open Season this year, employees will be able to make benefit program elections and make changes to programs in which they currently participate. The following benefit options are available:

- ❑ Employees may enroll in the DOD Health Benefit Plan or an HMO where available. They may change plans, increase from single to family, or reduce coverage from family to single. They may add or delete dental.
- ❑ Employees may join the Life Insurance Plan or increase their Optional coverage. Note that optional coverage over \$100,000 will require evidence of insurability, even during Open Season.
- ❑ Employees, who have elected Basic Life Insurance, may purchase additional dependent life insurance coverage for their spouse and children.
- ❑ Employees will have the option of declining the feature of our health insurance plan that allows them to pay the employee share of the premium with pre-tax dollars.
- ❑ ...And, in our brochure we also encouraged them to use this opportunity to enroll in the 401(k) Savings Plan and Retirement Plan and update their beneficiaries, mailing address and other demographic data.

# OPEN SEASON 2003

October 20<sup>th</sup> thru November 14<sup>th</sup>, 2003

## INFORMATION BULLETIN FOR HRO PERSONNEL

Basic information on these benefit program options is included in the Open Season Brochure. The following information may be helpful to HRO personnel in processing these transactions.

### Health Benefit Plan

Employees may enroll or make changes to their coverage in any of the Health Insurance Plans available in their area, both the DOD NAF Employee Health Benefit Plan (DODHBP) (often referred to as Aetna) or a Health Maintenance Organization (HMO) if one is available in your area.

#### Employees may:

- ☐ Enroll in the DODHBP or an HMO
- ☐ Change from the DODHBP to an HMO
- ☐ Change from an HMO to the DODHBP
- ☐ Change from one HMO to another
- ☐ Increase coverage from single to family
- ☐ Add or delete dental coverage
- ☐ Cancel their Health Insurance

**NOTE:** All elections and changes to Health Insurance will be effective January 1<sup>st</sup>, 2004. Employees who do not make elections or changes during the Open Season period will not be permitted to enroll until the next Open Season in the fall of 2005 with an effective date of 1 January 2006 unless they become eligible due to a "life event" under HIPAA. We are not authorized to grant exceptions.

### Health Benefit Plan Premiums:

Premiums for the Health Insurance Plans have increased for 2004, due to the increased cost of health care and the increase in the number and amount of claims. However, increases are modest compared to previous years. The rates for the DODHBP increased by only 7% for Medical. There was no increase in the Dental premium. HMO rates are continuing to increase at a greater rate than the DODHBP rates. Therefore, we anticipate a continued migration from the HMO's to the DODHBP. Please ensure that employees are aware of these increases, so they can plan accordingly. The employee/employer premium share split remains at 30/70 for 2004 for the DODHBP. The split for HMOs remains at 50/50 unless there is a local negotiated union agreement. The new premiums for 2004 for all our Health Insurance Plans are being forwarded with this Information Bulletin. These rates are also contained in a separate notice in the Open Season section of our web site, [www.NAFBENEFITS.com](http://www.NAFBENEFITS.com).

### DODHBP Plan Changes for 2004:

There are a few changes to the DODHBP, which will be effective January 1<sup>st</sup>, 2004. Plan benefits will not be reduced in any way next year, and in fact, some plan benefits have been improved. Mental Health benefits have increased, coverage of IUDs has been added, and special provisions for employees who are effected by deployment related BBAs have been added which will allow them to cancel and reenroll, based on loss of income due to shortened work hours. Additionally, we will allow Medicare eligible retirees who have dependents who are not eligible for Medicare to remain in the network plan until all covered family members are Medicare eligible. These DODHBP Plan changes are described in detail in the DODHBP Open Season packet. Additionally, a few installations, which are currently under the Traditional Choice Plan, will have access to new PPO Networks, which Aetna has arranged. Our Med/Life Section will be working directly with those installations to implement conversion to the network.

# OPEN SEASON 2003

October 20<sup>th</sup> thru November 14<sup>th</sup>, 2003

## INFORMATION BULLETIN FOR HRO PERSONNEL

### Information Materials:

Aetna has made bulk shipments of DOD Health Benefit Plan Information Packets to Civilian Personnel Offices. You should receive sufficient packets for all NAF employees who are currently enrolled in the DODHBP, plus an additional 20% for employees who are considering enrolling in the DODHBP. The packet contains a comprehensive overview of plan changes for 2004, including a letter of explanation, a highlights flyer, new Summary of Benefits charts, and other useful information. Employees have been advised in their Open Season Brochure to stop by their servicing personnel office to obtain their packet. For those installations where Rural PPOs are available, a special booklet on how this program works is included in the packets. For those installations where HMOs are available, please contact your local HMO Representative to obtain HMO information.

### Pre-Tax Health Premium Deductions:

The Internal Revenue Code Section 125 Plan will continue in effect in 2004. This program allows employees to pay the employee share of the Health Benefit Plan premium with pre-tax dollars, thus reducing their taxable income and increasing their take-home pay. The health benefit plan premium will be deducted from the employee's pay prior to deductions for Federal Income Tax, Social Security, Medicare, and all state and local taxes, **except for the state of New Jersey and the Commonwealth of Puerto Rico**. This benefit will automatically continue in effect for 2004, unless the employee opts out of this program during this Open Season.

Because this benefit will automatically continue in effect for 2004, no action is required to enroll in this program. However, the **Internal Revenue Code does not allow an employee to cancel their participation in the Health Benefit Plan during the Plan year**, January 1 thru December 31, 2004, unless they terminate or have an approved life event. Therefore, employees will again have the option of declining participation in the program and continue to pay their Health Benefit Plan premiums with after-tax dollars. **Employees who opted out of this program last year need not submit another opt out transaction for 2004. Their previous election to opt out will remain in effect.**

### Life Insurance Plan

Employees may enroll in the Life Insurance and Accidental Death and Dismemberment Plan, without evidence of insurability. There are a number of coverages available, including basic and optional insurance.

#### Basic Life Insurance:

The Basic Life Insurance Plan provides life insurance protection, accidental death and dismemberment coverage, and dependent life insurance coverage. Employees may choose one or two times their basic salary, rounded to the next higher \$1000, not to exceed \$250,000. The bi-weekly cost to the employee is 14 cents per thousand dollars of coverage. The policy pays the face amount in the event of death. The accidental death and dismemberment benefit is the same as the basic coverage. This coverage pays benefits to the beneficiary in the event of the employee's accidental death, or to the employee if they lose sight or a limb as a result of an accident. Dependent life insurance is included at no additional cost. The dependent coverage is \$5000 for the spouse and \$2500 for each eligible dependent child.

#### Optional Life Insurance:

If the employee has elected Basic Life Insurance, they may also purchase Optional Life Insurance in increments of \$10,000. They may choose an Optional Life Insurance amount up to two times the amount of their Basic Life Insurance coverage, not to exceed \$500,000. (*Evidence of insurability is required if they choose to purchase more than \$100,000 of Optional Life Insurance coverage*). The bi-weekly rates for Optional Life Insurance are based on age and the amount of coverage chosen. Rates are available on the web site at [www.NAFBENEFITS.com](http://www.NAFBENEFITS.com).

# OPEN SEASON 2003

October 20<sup>th</sup> thru November 14<sup>th</sup>, 2003

## INFORMATION BULLETIN FOR HRO PERSONNEL

### Optional Dependent Life Insurance:

During this Open Season, employees may elect additional *Optional Dependent Life Insurance* coverage. Currently, if the employee has elected Basic Life Insurance, they automatically receive Dependent Life Insurance coverage, free of charge. Their spouse is covered for \$5000 and each of their eligible dependent children are covered for \$2500. Employees may also elect additional coverage for their spouse and children in increments of \$5000/\$2500 at a modest bi-weekly cost, up to a maximum of \$25,000 for their spouse and \$12,500 for their eligible dependent children. They must be enrolled in the Basic Life Insurance Plan to elect additional Optional Dependent Life Insurance coverage. If they enroll in the Basic Life Insurance Plan, the Optional Life Insurance, or the Optional Dependent Life Insurance Plans, their election will be effective January 1<sup>st</sup>, 2004, provided they are actively at work on or after January 1<sup>st</sup>, 2004. Optional dependent insurance rates are also listed on the Benefits web site.

### 401(k) Plan Changes for 2004:

In accordance with the Economic Growth and Tax Relief Reconciliation Act, the maximum annual deferral for the 401(k) Savings Plan will be \$13,000 for calendar year 2004, an increase from the \$12,000 limit in 2003. Over age 50 plan participants may defer an additional \$3000 for a total of \$16,000. There is no percentage of salary limitation. Plan participants may change their deferral percentage at any time.

### Group Long Term Care Plan:

The Group Long Term Care (LTC) Plan will not be offered under guaranteed issue during this Open Season. However, employees may enroll themselves, their spouse, parents, grand parents and in-laws at any time with satisfactory evidence of insurability. The LTC Plan, offered by CNA, offers a wide range of features and benefit options at reasonable group rates, and rates do not increase as the participant grows older. For additional information and a rate calculator, sign on to the CNA customized web site. This site can be accessed by clicking on the CNA Long Term Care logo on the Benefits web site at [www.NAFBENEFITS.com](http://www.NAFBENEFITS.com). The NAF Benefits web site also has a special LTC section. We provided LTC enrollment administration instructions to HROs in January 2003, as well as an information flyer for employees. These bulletins provide information on how to obtain enrollment kits, should you or an employee require them. These bulletins are available in the HRO restricted section of the web site under HRO Desk Reference and Updates. You may also obtain enrollment kits directly from CNA by calling 1-877-777-9072.

### Effective Dates of Open Season Changes:

All health insurance changes will be effective January 1<sup>st</sup>, 2004, including cancellation of participation and Section 125 elections. The effective date for Life Insurance changes will be January 1<sup>st</sup>, 2004, provided the employee is actively at work on or after that date. The effective date for 401(k) Plan changes will be the first full pay period after Payroll receives the request. Enrollment in the Retirement Plan is effective upon signing the enrollment.

**The next Open Season will occur during Oct-Nov of 2005 with changes effective 1 January 2006. Please inform your employees of this fact.**

PLEASE LET US KNOW IF YOU NEED ANY ADDITIONAL INFORMATION ON THIS OPEN SEASON OR ASSISTANCE WITH PROCESSING THESE TRANSACTIONS ON-LINE.

FOR MORE INFORMATION ON ALL OUR BENEFIT PROGRAMS, PLEASE CONSULT THE WEB SITE [WWW.NAFBENEFITS.COM](http://WWW.NAFBENEFITS.COM) OR CALL OUR TOLL FREE NUMBER (877) 384-2340.